



HOUSE BUDGET COMMITTEE

Democratic Caucus

U.S. Rep. John Spratt (D-SC) ■ Ranking Member

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Democrats Seek to Reshape Republican Budget

Key priorities: Social Security and Medicare Solvency, tax cuts for all families, prescription drug coverage, education, debt reduction

WASHINGTON — Democrats will propose some 30 amendments to the House Republicans' budget resolution during a Budget Committee markup today.

Democratic Budget Framework: U.S. Rep. John Spratt (D-SC), the ranking Democrat on the committee, will offer as the lead amendment a Democratic budget framework that divides the available surplus into thirds — for tax cuts, key initiatives, and Social Security and Medicare solvency.

“We want to use a third of the surplus, almost \$900 billion, to ease the burden of taxes on hard working Americans. We want to invest another third in priorities people clearly want, like better education for their children and prescription drug coverage under Medicare. We propose to put the final third in reserve, to be tapped when we have settled on ways to make Social Security and Medicare solvent for the long run; in the meantime, it will pay down our debt,” Spratt said.

Extending Social Security and Medicare Solvency: Spratt emphasized that strengthening Social Security and Medicare should be Congress's overriding goal. “With surpluses continuing to rack up, we have a golden opportunity to extend the solvency of Social Security and Medicare well into the future, and we should not pass it up,” he said.

“This is the first failing of the Republican budget resolution,” said Spratt. “It does nothing to extend the solvency of Social Security or Medicare. In fact, it will shorten the solvent life of Medicare by allowing its inadequate drug benefit to be paid from the Medicare trust fund as opposed to the general fund surplus.”

An amendment to be offered by Rep. Dennis Moore (D-KS) and others takes the Medicare surplus, like the Social Security surplus, off-budget, and requires that both surpluses be used exclusively to pay for benefits promised in current law. It then reduces the budget resolution's tax cut and associated debt surplus by \$910 billion, which is deposited in the Social

Security and Medicare trust funds, each receiving a half. This extends the solvency of Social Security to at least 2050 and of Medicare to at least 2040.

“A significant tax cut can still be provided, and should be,” said Spratt. “But strengthening Social Security and Medicare has got to be job one.”

Medicare and Social Security Statutory Protection (Lock Box): An amendment by Rep. Ken Bentsen (D-TX) and others takes the Medicare surplus off-budget, reaffirms the off-budget status of Social Security, and requires that both surpluses be used exclusively to pay for benefits promised in current law.

Reduce Tax Cuts by Half to Increase Debt Reduction: Another key Democratic amendment, to be offered by Rep. Jim Matheson (D-UT) and others, cuts the budget resolution’s tax cut in half and devotes the proceeds to additional debt reduction.

“By lowering national debt, we put the government on far better fiscal footings to deal with the retirement of 77 million baby boomers, which begins in 2008,” said Spratt. “By forgoing some of the Republican tax cut, the entire publicly held debt can be wiped out not long after the first baby boomers retire.”

Medicare Prescription Drugs: Rep. Jim McDermott (D-WA) and others will introduce an amendment to create a voluntary, universal prescription drug benefit within Medicare, including protection against catastrophic drug costs. The prescription drug benefit is available to all Medicare beneficiaries, not just low-income seniors. Furthermore, the amendment provides protection to low-income Medicare beneficiaries against any premium and cost-sharing requirements of the Medicare prescription drug benefit. The amendment provides \$350 billion over ten years for Medicare prescription drugs. Unlike the Republican plan which combines prescription drugs and undefined reform, this is a real Medicare benefit. Also, the Republican plan provides only \$153 billion over ten years, which is less than the Republican bill that passed the House last year. That bill cost \$159 billion over ten years, and now costs over \$200 billion.

Preparing America’s Students for the Future: On the education front, Rep. Mike Honda (D-CA) and others will offer an amendment that increases education funding to: (1) improve student achievement by training teachers, recruit 100,000 new teachers to reduce the average size of classes in the early grades, and increase compensation to qualified teachers; (2) provide assistance for school renovation and construction through loans, grants, and tax credits; and (3) increase the maximum Pell Grant award to \$4,350. The amendment provides discretionary funding of \$79.1 billion over ten years (2002-2011). It also includes tax credits for school modernization bonds that cost \$6.8 billion over the period 2002-2011.

“Democrats will demonstrate that we can fund the programs that Americans want, cut taxes substantially, and still pay down debt and shore up Social Security,” Spratt said.

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